



STATE OF MICHIGAN

DEPARTMENT OF NATURAL RESOURCES  
LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

REBECCA A. HUMPHRIES  
DIRECTOR

DATE: June 22, 2005

TO: Michigan County Treasurers

FROM: Joseph D. Frick, Chief  
Office of Financial Services  
Michigan Department of Natural Resources

SUBJECT: Payments in Lieu of Taxes  
Public Act 513 of 2004 Implementation

As you likely know, State law provides for payments in lieu of taxes (PILT) on certain lands purchased by the State and managed by the Michigan Department of Natural Resources (DNR). Public Act 513 of 2004 made significant changes to that law, which are effective with this tax year.

This memorandum and the attached exhibits address questions regarding implementation of this law, as well as provide a contact if you have questions. Exhibit 1 is a "Question and Answer" type document, responding to questions which we have received or expected. We will also post this document to the DNR internet page and update it if there are changes or additions.

We have been asked by some local units for a description of what we are expecting or needing on the "... single statement of the assessment of all property for which payment is claimed." Exhibits 2 and 3 illustrate formats that would satisfy the requirements of the Act and facilitate calculations of the billings and our review of them.

There are three specific items I wish to highlight at this time:

1. Summer bills: The statute provides for a single annual statement and billing. For 2005 tax year payments, that billing is due at the time of the winter tax billings. Therefore, there should be no billings and we will be making no payments this summer.
2. "Delinquent" bills: The statute does **not** provide for reversion of State lands for non payment of PILT and there are no provisions for penalties or interest. We anticipate that some local units may seek to turn "delinquent" bills over to county treasurers. If the county does buy these bills, the county needs to notify the DNR so payments can be made to the county. Payments to the county will only be for the PILT amount and not include penalty or interest.

NATURAL RESOURCES COMMISSION

Keith J. Charters-Chair • Mary Brown • Darnell Earley • Bob Garner • Gerald Hall • John Madigan • Frank Wheatlake

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3. Timing and amount of payments for 2005: The State legislature is currently working on the State's Fiscal Year 2005-06 budget, which will be the source of funding for us to make payments applicable to tax year 2005. If the DNR receives sufficient appropriations and the billings we receive are accurate and in sufficient detail for us to reconcile to our records, we anticipate making payments by February 14, 2006.

If the amount of appropriations the legislature provides is not adequate to cover all of the billings we receive, the new statute requires that we issue prorated payments. In this case, we will be unable to know the exact amount to be paid until all bills have been received and audited against the provisions of the new statute. How long this might take, we can not be certain, as it will depend at least partially on the accuracy of the billings under the new provisions.

Questions regarding this can be emailed to [dnrpilt@michigan.gov](mailto:dnrpilt@michigan.gov), which is a special "mailbox" we have established for this purpose. Billings can also be submitted electronically to this email address, especially if you wish to use the spreadsheet formats we have suggested, as that could facilitate our ability to review and audit against our ownership records.

If you do not have a copy of the Act, it is available on the Internet. Go to [www.michiganlegislature.org](http://www.michiganlegislature.org) and click on "Public Acts" and then enter the act number (513) and the year 2004.

Please feel free to forward these documents to the appropriate county, township, and city individuals within your county.

Thank you.

#### Attachments

cc: Harold Anderson, State Tax Commission  
Michigan Association of Counties  
Michigan Township Association